

## **CHAPTER I**

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### **INTRODUCTION**

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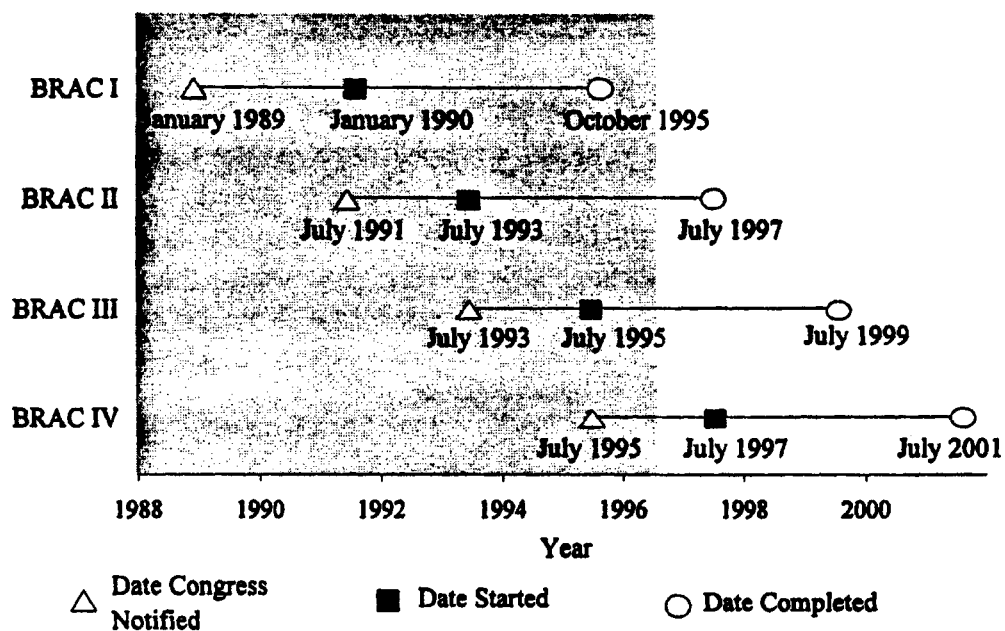
The end of the Cold War brought peaceful relations between former enemies, but it also created the challenge of cutting back military forces and the sources of their support. Nations cannot shift resources suddenly without causing their citizens and economies pain and dislocation. Paradoxically, peace has meant the loss of thousands of jobs. Closing military bases has been among the most difficult tasks that the Department of Defense (DoD) has had to face in an era of reduced threat.

In 1988, the Congress authorized the Secretary of Defense to close and realign military bases in accordance with the recommendations of a bipartisan Commission on Base Realignment and Closure (BRAC). In November 1990, the Congress authorized three additional rounds of base closures in 1991, 1993, and 1995. The Department of Defense has closed and realigned dozens of military bases during the past six years, and will close or realign dozens more during the next decade. Some observers, including the Secretary of Defense, believe that DoD could close even more bases.

The Congressional Budget Office (CBO) has examined the results of the BRAC process, and believes that closing and realigning military bases will give the government significant long-term savings that justify the expense of carrying out BRAC decisions. The BRAC process, however, is more than a matter of costs and savings; it raises a number of important questions that are of concern to the Congress and its constituents. How will the BRAC process—as authorized by the Congress and carried out by the Department of Defense—meet its basic objectives of cutting back military bases and making sure that requirements for a smaller military force are met? Is DoD carrying out BRAC decisions as directed? How will former military bases be used? Is the process of transferring property working? How will BRAC affect national, state, and local economies? What are federal agencies doing to assist communities, businesses, and former DoD employees affected by BRAC?

DoD Has Closed About Half of the Bases Scheduled to be Shut by BRAC. As of April 1996, the Department of Defense had closed slightly less than half—48 of the 97 major military bases scheduled to be closed by BRAC. DoD projected closing six more bases by September 30, 1996. According to original schedules, DoD has shut all but two of the major bases designated for closing under BRAC I and BRAC II. About one-half of the major bases scheduled for closure under BRAC III are already closed, leaving the remainder from that round to be shut down by July 1999. The final round of BRAC has only just begun (see Figure 1).

FIGURE 1. SCHEDULE FOR CARRYING OUT BASE REALIGNMENTS AND CLOSURE (BRACs)



SOURCE: Congressional Budget Office, based on Department of Defense data.

The Department of Defense is far from carrying out all of BRAC's decisions. Therefore, much of the discussion and analysis contained in this study is based on DoD's plans and projections. Analysis of DoD's performance in carrying out BRAC decisions must await actual figures that measure such important Congressional concerns as costs, savings, impact on local employment, and the transfer and reuse of former military property. As these data become available, this paper will serve as a useful marker by which progress in each of these areas may be examined.

Legislation Governing the BRAC Process Has Been Effective. The BRAC legislation enacted by the Congress in 1988 and 1990 contained provisions that have been critical in achieving the primary goals of the program. The laws required the Congress to accept or reject the recommendations of the Base Realignment and Closure Commission in their entirety. They prohibited the Congress from revising the Commission's proposed base closings and realignments; only a joint resolution of disapproval could veto the Commission's recommendations.

In the early 1970s, DoD found it difficult to close some military bases because the Congress limited or denied the Department of Defense's request for funding to do so. In 1977, the Congress assumed a more direct role in the base closure process: it enacted legislation requiring notification from DoD each time the Department intended to close a military base. The Congress also required DoD to report on the strategic, environmental, and local economic consequences of base closings. As a result of that legislation, requirements for time-consuming environmental reports, and the military buildup during the early 1980's, DoD did not close any major bases during the decade before it began the BRAC process. Without the "all or nothing" provision contained in the legislation, political factors would have probably played a more prominent role in determining which bases to close.

The BRAC legislation also endorsed the charter of the Commission, which outlined the criteria for closing and realigning bases. The Commission's charter gave priority to the military value of individual bases, and resulted in recommendations to close facilities that, in the judgement of the military services, had the least military utility. In addition, the BRAC legislation required that closing and realigning bases would result in net savings. Consequently, the BRAC process is expected to achieve significant savings by closing the least-useful military bases without the influence of political bias.

Cutting Back Forces and Bases: How Much is Enough? There is no satisfactory definition of the proper relationship between the size of a nation's military forces and the base structure needed to support it. Consequently, when a nation trims the size of its military, decisions about reducing the supporting base structure lack a theoretical framework to guide the process. Each service must examine its own

operational and contingency plans and requirements. Each must also estimate the personnel, equipment, logistical support, and basing resources needed to meet military objectives. And those assessments must take into account military bases in both the United States and overseas.

Lacking an equation about the proper relationship between base structure and the forces it supports, it is difficult to tell whether cutbacks in overseas and domestic bases are appropriately related to reductions in military forces. Comparing certain measures of defense cutbacks with reductions of the base structure, however, can provide a useful perspective on whether such reductions are comparable.

Although the Department of Defense has closed hundreds of facilities overseas during the past six years, it is unable to provide data on the capacity of those installations that would enable CBO to compare reductions of military forces with cutbacks in the base structure on a global basis. According to current DoD estimates of domestic bases, however, BRAC reductions will decrease the plant replacement value—the cost of replacing facilities and infrastructure—of military bases by about 21 percent. That cutback is slightly less than the reductions in DoD military and civilian jobs that have taken place during the past decade. Cutbacks in DoD budget authority and spending for acquisitions during the past 10 years, however, have significantly exceeded the estimated size of BRAC cutbacks. Spending for base operations and support since 1987 has decreased by about the same percentage—about 21 percent—as has DoD's estimate for the decrease in the size of the base structure.

Although DoD will close a considerable number of operational bases and support facilities, it could make further cuts by consolidating more bases for multi-service use. For example, in February 1995, the Base Realignment and Closure Commission concluded that further consolidations could be warranted among depot facilities, laboratories, test and evaluation centers, medical installations, and helicopter training bases. The Secretary of Defense also indicated that when previous rounds of base closures have been completed, DoD could after several years reasonably make further reductions in the base support structure.

DoD reports that the costs of maintaining facilities has decreased in recent years. If standards of maintenance are maintained and historical costs are indicative, however, DoD could face additional expenses in maintaining base facilities. The Department of Defense could avoid those costs by closing more facilities.

BRAC Implementation Is On Track. The Department of Defense has closed and realigned bases according to BRAC requirements and plans. The Congress has provided sufficient funding each year to enable the Department of Defense to close

all of the bases designated in the first and second rounds of BRAC on schedule. Closure actions called for by BRAC III and BRAC IV are under way and, according to DoD estimates, will also be completed on schedule. DoD has learned from early experiences with BRAC and has accelerated subsequent base closings. According to current data, for example, DoD has closed and realigned bases more quickly in BRAC II than in the initial round and, according to current plans, will also close bases more quickly in BRAC III than in BRAC I. By the fourth year of putting plans into effect, the Department of Defense had closed only 22 percent of BRAC I bases compared with 73 percent of BRAC II bases. DoD plans to close almost 50 percent of the BRAC III bases by the fourth year.

Successive BRAC commissions have revised earlier decisions only infrequently, but DoD projects that the changes will result in significant savings. The BRAC III commission revised only about 7 percent of BRAC actions directed by BRAC I and BRAC II. The BRAC IV commission revised only about 6 percent of the actions directed by the first three rounds. DoD estimates that these revisions will result in almost \$2 billion in additional net savings, although the initial costs of carrying out closings will also be considerable. The Department of Defense estimates that those changes will cost about \$1.7 billion to effect.

Revisions of earlier BRAC decisions occurred early enough in the process so that they did not cause major disruptions in closing schedules or local communities. When a commission chose to revise an earlier decision, it made sure that the change would satisfy military requirements and achieve greater savings than had been projected by the initial decision.

Planning for Reuse Benefits Government Agencies And Communities. Closing bases successfully—achieving the timely reuse of former military property for public and economic benefits—requires close cooperation among government agencies and communities. The Congress, DoD, and local communities have taken significant steps toward that goal, enabling the process of planning reuse to proceed effectively. Close cooperation has enabled communities to complete reuse plans for virtually all of the bases being closed in the first two rounds of BRAC. The Congress and DoD have ensured cooperation between the federal government and communities, for example, by requiring broad participation in planning reuse so that all viewpoints are considered. The Office of Economic Adjustment in DoD provided professional resources and funding to assist communities in creating reuse plans. In addition, BRAC legislation established a schedule ensuring timely transfer of property to other federal entities, state or local governments, or private purchasers. As a result of the initiatives described above, state authorities have been able to complete reuse plans in less than one-half of the time taken during the first round of BRAC, and local authorities have revised reuse plans that could delay achieving redevelopment goals.

According to current plans for the first two rounds of BRAC, the federal government will retain most of the property on former military bases. About half of that property is contaminated with unexploded ordnance and will be used for wildlife preserves. The Department of Defense will retain some property for use by military reserve forces and to accommodate consolidation of Defense Finance and Accounting Service centers. Other agencies will use surplus property for prisons and Job Corps training sites.

Local authorities will use about one-third of the property, composed chiefly of former military air bases being converted for commercial use. Communities will use most of the remaining property for economic development purposes and for such public benefits as educational facilities, housing for the homeless, and parks and recreation.

Although DoD is doing a good job of divesting itself of surplus property released by base closures, the process has not brought in much money. The Department of Defense will convey most of the surplus property to other federal agencies or to local jurisdictions at no cost, or at substantially less than fair market value. Sales of surplus property have brought in considerably less revenue than DoD originally projected, contributing to a less favorable return than anticipated on the costs of closing bases. Nevertheless, in a number of cases, such as at Norton Air Force Base and the Sacramento Army Depot, the Department of Defense will receive modest payments of as much as \$60 million from local redevelopment authorities for negotiated sales or leases. According to current reuse plans, however, DoD will sell very little surplus property directly to private purchasers at full market value.

Progress In Reusing Bases Is Limited And Varied. Although there have been successful conversions of former military properties, it will be some time before communities across the nation are fully compensated for the job losses caused by base closings. As of August 1996, communities affected by BRAC had replaced some 88,400 lost civilian jobs with about 18,300 new jobs. Moreover, the loss of military income may have serious economic effects on small remote communities with limited economic alternatives.

Nevertheless, there have been a number of successful conversions. In Sacramento, for example, the former Sacramento Army Depot will house Packard Bell's computer manufacturing operations. Local officials believe that Packard Bell will employ between 2,500 and 3,000 people and could create an additional 2,500 jobs for suppliers in the region. Packard Bell's presence could more than offset the approximately 3,164 jobs lost when the depot was closed. The local redevelopment authority in Alexandria, Louisiana—a city of about 50,000—has contracted with a variety of tenants who have created more civilian jobs than were lost when the

Department of Defense closed England Air Force Base. The new state prison facilities and small manufacturing companies in Beeville, Texas have created more than 1,500 jobs—about 600 more than the number of civilian jobs lost when Chase Naval Air Station closed. Other instances of successful reuse have taken place at Pease Air Force Base near Portsmouth, New Hampshire; at Lowry Air Force Base in Denver; and at Fort Ord near Monterey, California.

Many communities, however, have had difficulty converting former military bases to offset local employment losses. The task is especially hard in remote areas where the local economic structure is limited. Conversion of Loring Air Force Base near the town of Caribou, Maine, for example, has been unable to replace the 1,326 civilian jobs lost when DoD closed the base. The planned location of a Defense Finance and Accounting System center will help to offset the loss by bringing about 500 new jobs to the area, but many additional slots will be needed to replace the lost defense workers.

The Congress And DoD Have Moved To Facilitate Reuse. The Congress has taken many steps to facilitate the reuse of former bases but could accelerate the process further. As mentioned above, legislation governing the review process has helped improve the timely transfer of property. Tighter deadlines could further accelerate the process. Recent BRAC legislation authorized DoD to lease property and speed their reuse by transferring uncontaminated parcels of land. Leasing permits local redevelopment authorities to reuse property before DoD has completed any necessary environmental cleanup. (According to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 as amended, DoD must clean up contaminated property before selling or transferring its title.) The Congress also amended the BRAC law in 1994 to permit DoD to transfer property to communities at less than fair market value in order to assist in local economic recovery.

The Department of Defense has also worked to accelerate the process of transfer and reuse through various programs and management initiatives. The Office of Economic Adjustment (OEA) assists communities by providing professional and financial support for planning the reuse of former military bases. OEA has increased the average planning grant from about \$85,000 in 1991 to about \$570,000 in 1995, and will spend an average of about \$30 million per year during the next five years to help communities affected by BRAC. In addition, the President's July 1993 Five-Point Plan for Revitalizing Base Closure Communities established procedures to carry out management and legislative changes accelerating the transfer and reuse of property. For example, DoD has created interagency environmental cleanup teams to analyze contamination problems at each base that is closing and propose solutions to facilitate speedy transfer or reuse of property. In addition, the Department has assigned a base transition coordinator to each facility to act as a community advocate

in monitoring and coordinating issues concerning the communities and the federal government.

BRAC Closures Have Had A Limited Economic Impact. When they are completed, BRAC actions will affect virtually every state, but according to DoD projections will have a small effect on employment on national and state levels.

In 1995, the BRAC Commission projected that the combination of all BRAC closure and realignment actions would result in some 236,000 fewer jobs, representing the direct and indirect effects of closing and realigning bases. Those cutbacks would amount to about two-tenths of one percent of total employment in the United States as of August 1996. At the state level, the Commission projected that no state would lose more than 1 percent of its employment as a result of BRAC actions.<sup>1</sup>

Although DoD projects that BRAC actions will have a negative impact on many states and communities, others will benefit. For example, the Commission estimates that as a result of realignments, 29 states will lose jobs, but 19 will gain employment. Local communities will also experience gains and losses, but are likely to feel the impact more severely than states. Heavily populated areas such as Chicago, Dallas, and New York are not likely to suffer major increases in unemployment because of base closures. Unemployment in smaller locales with less diverse economies, however, could increase substantially. Notwithstanding, a recent RAND study found that in several smaller California communities that were affected by base closures, tax revenues, retail sales, real estate values and other economic and demographic measures were not influenced as severely as had been projected.

Federal Assistance Programs for Communities and Workers Affected by Base Closures. The federal government provides a wide range of programs to assist communities and workers affected by base closures and realignments (see Chapter 5). Many programs existed before the BRAC process and remain available to aid workers and communities. DoD, for example, helps employees find jobs within the Defense Department or other federal agencies, assists them in relocating if necessary, provides involuntary separation pay and benefits, and helps retrain them through such programs as the GI Bill. In addition, unemployed defense workers are eligible for various entitlements including unemployment insurance, education assistance and loans, Aid to Families With Dependent Children, Food Stamps, Medicaid, and other support programs. Existing federal programs, such as Community Development

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1. The Commission projected that unemployment in Guam could increase by about 8 percentage points as a result of BRAC actions.



Block Grants, Urban Development Action Grants, and Small Business Administration Loans provide economic assistance to communities.

The Congress has provided a modest amount of funding—about \$559 million as of August 1996—to various federal programs established specifically to assist workers and communities affected by base closures and realignments. Special grants administered by the Office of Economic Adjustment in DoD help communities plan the reuse of former military properties. The Federal Aviation Administration provides support to assist communities in converting military air bases to commercial use. The Economic Development Administration in the Department of Commerce provides financial assistance to help communities redevelop their economies and the Department of Labor manages a special program to help retrain displaced defense workers. Although a broad consensus supports those programs, studies have yet to determine their effectiveness.

Progress In Environmental Cleanup Is Limited And Costs More Than Expected. Environmental contamination is widespread among bases being closed by BRAC. Progress in cleaning up polluted sites is limited—as of February 1995 about 70 percent of contaminated sites on 49 bases being closed in the first three rounds were still in the study phase of the reclamation process—and costs are proving much higher than DoD originally estimated. The Department of Defense estimates that it will spend about \$6.6 billion to clean up bases scheduled for closing by the BRAC Commission during the period they are being closed. DoD now estimates that cleaning up BRAC I bases will cost almost twice as much as it originally estimated in 1990; estimates of cleanup costs for BRAC II bases have also about doubled since 1991.

The Department of Defense will not finish much of the cleanup work on most BRAC bases for many years. More than half of the bases being closed by the first three rounds of BRAC, for example, have contaminated groundwater. Cleanup of contaminated groundwater is expensive and, in some cases, may require decades to complete. About one-third of the bases being closed in the first three rounds have unexploded ordnance on the property. Cleaning up unexploded ordnance is extremely costly and can entail considerable risk.

The Congress, DoD, the Environmental Protection Agency, and local communities have been working to balance the necessity of cleaning up contamination with the need to help offset economic losses of base-closings by facilitating the reuse of surplus property (see Chapter 5). The Congress has accelerated the reuse of former military property, for example, by granting the Department of Defense permission to lease contaminated property and transfer

uncontaminated parcels of land to nonfederal users. Despite such actions, reuse of contaminated property and clean parcels has been limited.

The Department of Defense is already reducing potential cleanup costs. One approach involves delaying the treatment of areas contaminated with unexploded ordnance by transferring them to the Fish and Wildlife Service for use as wildlife refuges. DoD could further reduce spending in the short term and protect projected savings from erosion by delaying other types of cleanup efforts on BRAC bases. Delays could be based on priorities that award funding for the cleanup of only those areas most threatening to human health and safety and those promising the greatest economic return on investment in reuse. Such delays, however, could risk increasing the scope of contamination problems if left unchecked and could ultimately lead to even higher treatment costs. Advances in decontamination technology, if successful, could offset potentially higher costs.

DoD Will Achieve Significant Savings Through BRAC. Reducing the costs of the country's system of military bases has been a primary goal of the BRAC process from the outset. CBO believes that in the long term, BRAC will generate substantial savings that justify the considerable short-term costs of closing and realigning bases. But because the task is only about half finished and DoD is not able to provide figures on actual savings, CBO must assess potential costs and savings indirectly.

The Department of Defense estimates that BRAC actions will provide net savings of about \$56.7 billion over a 20-year period discounted to present value. DoD has programmed those savings into future budget plans and risks the budgetary consequences if it fails to achieve those savings. If the costs of putting BRAC into effect prove to be higher than projected—or the savings or revenues prove lower—DoD will have to provide funds from other sources to pay BRAC costs, cover for unrealized BRAC savings, or delay completion of the program.

Comparing successive estimates for the first three rounds of BRAC reveals considerable variation among the categories of costs and savings. For example, DoD significantly overestimated the potential revenue it would gain from the sale of surplus property and underestimated the cost of environmental cleanup for the first two rounds of BRAC. DoD has adjusted its estimates for those categories in subsequent rounds, but the Department of Defense's initial overoptimism suggests that there may be further adjustments. DoD has also adjusted its estimates for the costs and savings of military construction and base operations and maintenance, suggesting that a significant degree of uncertainty may exist in those categories as well.

## **CHAPTER II**

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### **CLOSING MILITARY BASES: ORIGINS AND PROCEDURES OF THE BASE REALIGNMENT AND CLOSURE PROCESS**

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During the decade following the end of the Vietnam War, the Department of Defense maintained a strong network of military bases for the support of operational forces in the United States. DoD closed no major bases between 1977 and 1988; it had already shut down hundreds of installations during the final years of the Vietnam War and needed to maintain a stable system of military bases to support force levels that had been programmed for the late 1970s and early 1980s. In addition, the Congress enacted legislation in 1977 establishing procedural requirements governing base closures that effectively discouraged DoD from pursuing such cutbacks.

Before 1977, the Secretary of Defense designated bases to be closed and requested funds from the Congress to do so. The Congress influenced the base-closure process through its power to authorize, limit, or withhold funding. In 1977, the Congress passed legislation requiring the Department of Defense to notify the Congress when it intended to close a military base, and to prepare reports on the potential strategic, environmental, and local economic consequences. Because those studies and environmental impact statements required under the National Environmental Policy Act took a considerable time to complete, the legislation had the effect of discouraging DoD from seeking base closures.

As real decreases in authorized defense spending began showing up in the mid-1980s, however, many in the Reagan Administration and the Congress sought to achieve efficiencies and savings by reducing the size of DoD's base structure. In 1983, the President's Private Sector Survey on Cost Control, known as the Grace Commission, recommended that a special commission be established to close military bases. Members of Congress called for cutting back DoD's base structure as a way of achieving needed efficiencies. In May 1988, the Secretary of Defense established a Commission on Base Realignment and Closure to respond to these concerns.

The Congress enacted the Defense Authorization Amendments and Base Closure and Realignment Act in October 1988, giving the Secretary's Commission legislative authority and outlining the basic procedures to be followed in the BRAC process. Later, the Congress voted to extend the base-closure process beyond the initial 1988 round when it approved the Defense Base Closure and Realignment Act of 1990. Under that act, the Congress authorized the Commission to convene in 1991, 1993, and 1995 and extended the basic procedures set forth in the initial legislation.

The BRAC legislation enacted in 1988 and 1990 outlines steps for appointing the Commission and for developing, reviewing, and carrying out recommendations made by the executive branch, the Commission, and the Congress for closing and realigning bases (see Figure 2). The acts directed the Department of Defense to make its recommendations to the Congressional defense committees, (the Senate Armed Services Committee, the House National Security Committee, and the Committees on Appropriations of the Senate and the House of Representatives) and to the Commission during the spring of the years scheduled for BRAC reviews.

Upon receiving DoD's recommendations, the Commission held public hearings and made its recommendations to the President at the beginning of July. The legislation permitted the Commission to revise DoD's recommendations, providing it explained and justified its choices to the President and the Congressional defense committees. The President completed his review of the Commission's recommendations and reported his approval to the Commission and the Congress in the middle of July. The law permitted the President to recommend changes in the Commission's recommendations for further consideration before he submitted his report to the Congress. If the President called for revisions, the Commission was required to submit a revised list back to the President by August 15. If the President approved the Commission's recommendations, the Congress had 45 days in which to enact a joint resolution of disapproval if it chose not to accept them. The Congress did not approve a joint resolution of disapproval for any BRAC round.

### KEY ELEMENTS IN CLOSING AND REALIGNING BASES EFFECTIVELY

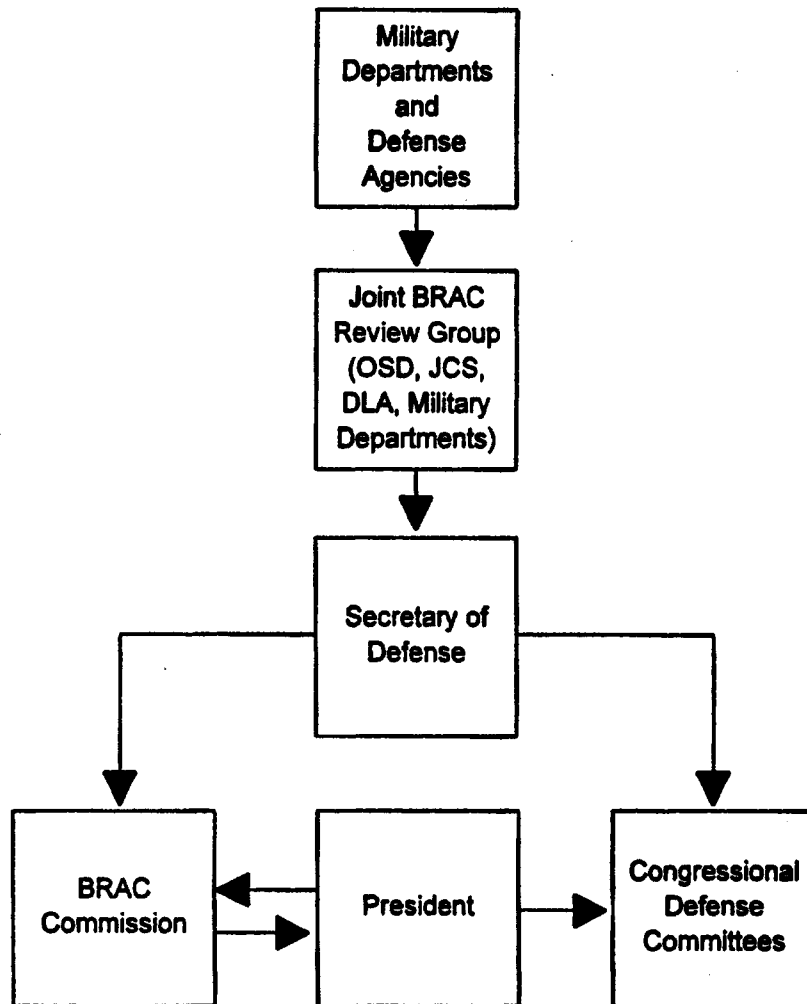
Before 1988, any decision to close a military base was a potentially contentious political issue. In the early 1970's, the Secretary of Defense designated bases to be closed and the Congress exercised indirect control over those decisions through funding allocations as a part of the budgetary process. In 1977, the Congress inserted itself more directly into the base-closure process by enacting legislation requiring notification by DoD whenever it intended to close a base at which 500 or more civilians were employed.<sup>1</sup>

As in the early 1970s, the Congress could choose to accept or reject DoD's proposals by means of individual funding decisions made during the annual budgetary process. Under those procedures, the Congress could consider each recommendation separately. The potential for political factors to influence decisionmaking was significant. BRAC legislation enacted in 1988 and 1990 virtually removed the case-by-case political tradeoffs, thereby enabling the Depart-

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1. Military Construction Authorization Act of 1978, P.L. 95-82, 10 U.S.C. 2687.

FIGURE 2. SUMMARY OF THE BASE REALIGNMENT AND CLOSURE PROCESS



SOURCE: Congressional Budget Office.

NOTES: BRAC - Base Realignment and Closure.

OSD - Office of the Secretary of Defense.

JCS - Joint Chiefs of Staff.

DLA - Defense Logistics Agency.

ment of Defense to begin sizing the base structure to reflect the reduced-force requirements of the post-Cold War era.

The Congress' primary objective in developing procedures governing the work of the Base Closure and Realignment Commission was to make sure that the BRAC process would avoid the political pitfalls that accompanied base closings during the 1970s. The Defense Authorization Amendments and Base Closure and Realignment Act of October 1988 and the Defense Base Closure and Realignment Act of 1990 contained an important provision that minimized the potential impact of political factors: it prohibited members of the Congress from amending the recommendations of the Commission.<sup>2</sup> BRAC legislation permitted the Secretary of Defense, the Commission, and the President to make adjustments in the list of recommendations.

Once the President submitted his final report with the Commission's recommendations to the Congress, however, the law permitted no further changes. In effect, the Congress was required to accept or reject all of the recommendations of the Commission. As a result, the Congress permitted the Commission's recommendations to go through for each BRAC round without being blocked by political partisanship.

The latter BRAC legislation also sought to minimize the potential for disruptive political influence by requiring that the Commission be appointed in a bipartisan manner and that its deliberations be open to Congressional scrutiny and public participation. Accordingly, the act required the President to appoint eight members to the Commission, including two in consultation with the Speaker of the House of Representatives, two in consultation with the majority leader of the Senate, and one each in consultation with the minority leaders of the House and the Senate. The act directed that all meetings of the Commission, except those in which classified information was discussed, were open to the public. In addition, the legislation required that all proceedings, information and deliberations of the Commission would be open upon request to designated majority and minority members of the Congressional leadership.

### Determining Which Bases to Close

Effective application of the BRAC process not only required adjusting the political process of review and approval, but rested on analysis of changing national security

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2. Defense Authorization Amendments and Base Closure and Realignment Act of 1988, P.L. 100-526, 10 U.S.C. 2687.

needs and cost-saving objectives. In every guidance promulgated for each round of BRAC, the Secretary of Defense directed the services to place the highest priority on maximizing "military value" in determining which bases to recommend for closure in each BRAC round. He identified the following criteria in evaluating the military value of defense installations:

- o Current and future mission requirements (as contained in DoD's force structure plans) and the impact on the operational readiness of the military's total forces;
- o The availability and condition of land, facilities, and associated airspace at existing and potential locations that could receive units being transferred;
- o The ability to accommodate basing requirements to meet contingency plans, mobilization of forces, and general basing requirements for total forces at existing and potential locations that could receive units being transferred; and
- o Cost and manpower implications.

The Secretary also ordered the services to consider the economic return on investment—the extent and timing of potential net savings—in evaluating alternative potential closures. During the initial BRAC round in 1988, DoD recommended closing only bases for which the potential cost savings would exceed the cost of closing within a six-year period. The DoD removed that restriction during subsequent rounds of BRAC, but required that the services measure and demonstrate the timing and extent of net savings for each installation that was proposed for closure.

Finally, since BRAC posed a potential for significant economic and employment losses in local communities, the Secretary directed the services to examine those potential effects of closing bases on their respective communities. In addition, the Secretary directed DoD components to consider the existing and potential capabilities of communities' infrastructures in evaluating alternative plans for closures and realignments.

The Secretary also directed the services to consider the environmental impact on communities of closing or realigning bases. The services were not to consider the cost of environmental cleanup, however, in choosing which bases to recommend for closure. The Commission concluded that since the Department of Defense was responsible for cleaning up contamination on its facilities, DoD would be liable for

those costs whether or not a base was scheduled to be closed. According to the Commission, cleanup costs, therefore, were not to be included in calculating the alternative returns on investment for different bases.

In choosing which bases to recommend for closure, the services categorized their installations according to military mission areas, quantified the characteristics of the bases according to the criteria set forth in the Secretary's guidelines, and ranked them. The Army examined facilities in each of five major categories: fighting, training, industrial, medical, and command and control. The Air Force established major categories for bases dedicated to flight operations, industrial and technical support, training, reserve components, and other purposes such as major headquarters and cantonments. The Department of the Navy (including the Marine Corps) considered installations according to three major mission areas: military personnel, weapon system and material, and support of operating forces from the shore.

Although each of the services developed a methodology for calculating which bases to close in each major category, DoD issued guidelines standardizing the services' measures of certain criteria when evaluating facilities in order to ensure uniformity and comparability. For example, DoD required the services to use the Cost of Base Realignment Actions (COBRA) model, developed by the Logistics Management Institute for calculating potential costs, savings, and returns on investment as a part of defining a base's military value.<sup>3</sup> The Logistics Management Institute (LMI) developed the Cost of Base Realignment Actions model with the assistance of the military services to support the work of the initial BRAC commission. LMI and the services have continued to refine the model, updating it for changing cost factors, so that subsequent BRAC commissions can use it. Data from the COBRA model was an essential tool for various reviewing authorities, including the Base Realignment and Closure Commission, in evaluating alternative closures and realignments at different stages in the BRAC process. In addition, DOD directed the services to use uniform measures in calculating the potential local economic impact of closing or realigning bases.

The Department of Defense also conducted a special review during BRAC 1995 to examine various types of support installations that are common among the services. DoD sought ways to cut back and consolidate installations to meet common service requirements for support in five major areas: depot maintenance, laboratories, test and evaluation, medical facilities, and undergraduate pilot training.

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3. Logistics Management Institute, *COBRA: The Base Closure Model*, Report PL809TR1 (Bethesda, Md.: LMI, February 1989).



Joint cross-service groups analyzed installations in those categories and gave the services alternatives to consider.

### The Base Realignment and Closure Account: Stable and Sufficient Funding

Closing and realigning military bases is an expensive process that requires significant funding in the near term to pay for relocating forces. Factors considered include military personnel and their families, weapon systems and support equipment, and various support activities such as medical, recreational, and administrative facilities. The Department of Defense must also fund construction projects at receiving installations to accommodate the people, weapons, and support equipment that have been transferred. DoD also provides funds to assist communities in planning for economic recovery where bases have been closed or cut back as a result of realignment. In addition, DoD is required to pay for cleaning up contaminated sites on bases that are being closed and must also pay the costs of taking care of property after a base is closed and before it is transferred to a new owner.

In order to close and realign bases efficiently, funding must be provided that is sufficient, flexible, and stable enough to meet requirements. To meet those objectives, the Congress authorized the Department of Defense Base Closure Account in 1988 as a special fund to be administered by the Secretary of Defense in conducting closure and realignment activities for BRAC I through September 30, 1995. The Congress extended the Base Closure Account in 1990 to cover the additional rounds of BRAC authorized by the "Defense Base Closure and Realignment Act of 1990." The extension also funds environmental cleanup and property management and disposal of BRAC I facilities after the expiration of the initial account's funding authority. The account's finances were first authorized in 1988.

Although the Congress could have exercised its power to reduce funding for BRAC as a part of the annual budget process, it has rarely done so. The Congress has funded virtually all that DoD requested during the 1990-1996 period by authorizing about \$14.8 billion. With the exception of a Congressional rescission of \$507 million from the BRAC account in 1994, total funding for BRAC has been stable and sufficient to meet requirements. Indeed, DoD has not only successfully met BRAC schedules for closing bases, it has accumulated a significant amount of unexpended and unobligated funds. Since the BRAC legislation gave the Department of Defense the flexibility to shift funds within the BRAC Account, DoD has been able to reprogram unused funds from subaccounts in which requirements have declined in order to pay for the increasing costs of environmental cleanup.

### Getting the Job Done: Implementation Authority

Clear lines of authority can be vitally important to the success of such complicated programs as the closing of bases. BRAC legislation authorized the Secretary of Defense to take all actions necessary—from planning to execution of transfers of personnel, equipment, and property—to carry out BRAC decisions. In particular, the law specifies that the Administrator of General Services must delegate authority to the Secretary of Defense to utilize or dispose of excess property and facilities in accordance with the Federal Property and Administrative Services Act of 1949, the Surplus Property Act of 1944, and the act of May 19, 1948, governing surplus property for wildlife conservation. Those laws establish procedures and priorities in disposing of surplus property among various entities, including federal agencies, local jurisdictions, and private purchasers.

Although legislative authority is essential to the effective disposal of former military bases, it may not be sufficient to guarantee that such property is reused in the most effective way. Local concerns and priorities are essential elements in planning reuse. The BRAC legislation requires that DoD offer planning and economic adjustment assistance to any community located near a military installation that is being closed or realigned. In addition, the law also requires that the Secretary of Defense consult with the governor of the affected state and the heads of local governments in considering plans for reusing former military property and facilities. In practice, DoD has met with local redevelopment authorities or state and local jurisdictions to discuss the disposition of surplus property (see Chapter 4).

Success in carrying out programs requires that decisions, once made, are not frequently revised. Although BRAC legislation authorizes the Secretary of Defense to put BRAC decisions into effect, it does not permit him to revise them. That authority rests only with the BRAC commission as approved by the Congress. The Congress has approved a limited number of changes in BRAC decisions that met the Secretary's selection criteria emphasizing military value and cost effectiveness (see Chapter 4).